
BUDGET STRATEGY 2003/04 - 2005/06

1 PURPOSE

- 1.1 To agree the Revenue budget, Council Tax for Rochford District Council, Capital Programme, fees and charges for 2003/04 and the broad strategy for 2004/05 and 2005/06.
- 1.2 In addition to agree the rents and charges in respect of the housing Revenue account.

2 BACKGROUND

- 2.1 Members have already received the following reports and information. The Finance and Procedures Overview & Scrutiny Committee held on the 26 November 2002 considered a report on the Budget Strategy and the Capital Programme. At the Policy and Finance Committee held on the 5 December 2002, an update on the Government announcements was given by the Corporate Director (Finance and External Services). The Finance and Procedures Overview and Scrutiny Committee held on the 22 October 2002, had discussions with representatives of the business community. An extract of the minutes of that meeting are shown as Appendix A. The Finance and Procedures Overview and Scrutiny Committee held on the 12th December invited comments from the business community as the formal National Non-Domestic Ratepayers consultation. An extract of the minutes of that meeting is shown as Appendix B.
- 2.2 Members are reminded that following this meeting, Council on the 18 February will set the total Council Tax for Rochford after receiving notifications of the requirements of Essex County Council, Essex Police, Rayleigh Town Council and the Parishes within the District.
- 2.3 In considering the budget Members have to be aware of Corporate Plan priorities. Where individual projects and services are mentioned it will also show any reference to the Corporate Plan.
- 2.4 In view of the considerable amount of detail contained within this report, Members are required to raise questions of detail in advance. Details are shown at the end of this report.

3 REVENUE BUDGET 2003/04

- 3.1 Attached to this report, as Appendix C are the draft estimates. They include the revised estimates 2002/03 and the draft estimates for 2003/04. As in previous years, they are in the reduced format, which

has internal recharges removed. Also shown is the percentage increase between the original estimate 2002/03 and 2003/04. Increases less than £200 have been removed. It should be noted that the printed index refers to the numbers shown at the bottom right of the pages and not the agenda numbering.

- 3.2 These estimates in respect of 2003/04 total £7,984,750. This is a reduction of around £100,000 less than the figure reported on the 26 November as the Government has announced a change in the way that Housing Benefit administration is financed. Additional direct grant will now be payable to the Authority.
- 3.3 Members will be required to approve the revised estimates for 2002/03 and the estimates for 2003/04. It should be noted that on current information, the revised estimate will be underspent by around £25,000.
- 3.4 In addition to the item shown in the revised estimates for 2002/03, the Council is expecting a profit distribution from our Leisure contractor. Any distribution will not be known until the middle of 2003 and therefore it is proposed that any sum received in respect of 2002/03 be credited to the Parks Sports Centre Reserve.

4 BUDGET STRATEGY

- 4.1 Appendix D to this report shows the three year strategy now recommended to Members. In a previous report the projected Council Tax increase for Rochford District Council was 14%. Following the Government announcements, the recommendation is now based on 9% for 2003/04 and for the following two years of the Strategy. This is in accordance with the Corporate Plan objective to move to a balanced budget.
- 4.2 Members will be aware that the budget strategy brings together likely resources available from Council Tax and Government funding, the draft budget for 2003/04 and planned changes to that budget over the three year period.
- 4.3 Looking at the strategy in detail, the explanation of each line of Appendix D is as follows:-

Line Number

1. This is the total resource available by taking current Government support and Council Tax receipts increasing by 9% per year.

2. The estimated budget book total prior to the inclusion of items specifically identified within the Strategy.
3. This shows the estimated revenue cost of the new Sports Centre at the former Park School site in Rayleigh. The actual cost will depend on the mix of facilities to be provided, the Council applying a total of £1m towards the scheme and the Council making use of the new powers to borrow. Here the Corporate Plan objective is the progression of new leisure facilities on the former Park School site.
4. This shows the estimated effect in 2004/05 of the Government requirement for Councils to administer the new tax credit system. This is a new Government requirement. The actual cost will depend on the cost of implementation and financial support made available by the Government.
5. The Government has introduced the Comprehensive Performance Assessment. This will entail marking the performance of every Local Authority in the Country. It is a Corporate Objective that the Authority will respond in a positive manner to this process. Costs will be incurred to achieve this.
6. The Government has set targets for Local Authorities to deliver services via electronic means. Capital grants to fund part of the expenditure, needed to introduce new systems, have been made available by the Government, however the day to day revenue costs fall to this Council. Although this is a Government requirement, the Council also has Corporate objectives to improve information to customers via the Website and to improve efficiency.
7. This is a projected increase in pension contribution to the fund managed by Essex County Council. In common with most other Local Authorities and industry the pension fund requires additional funding.
8. This shows the estimated increase in investment income 2004/05 and 2005/06. The actual increase in income will depend on market conditions during these periods and in particular, the movement of the base rate.
9. Shows a new item relating to recycling. Members recently discussed the issue of recycling and endorsed the concept

that progress should be made towards additional recycling but only if funds were made available from the Government.

Here the proposal is for a part recycling round estimated to cost £20,000. For 2003/04 this budget will be able to include the capital cost of the bins and boxes. At the request of this Committee, the Council's contractor implemented a part round in Rayleigh when it was uneconomic for them to do so. This position has to be corrected either by an additional charge for the existing round or to implement the other part of the round. The latter has the most cost benefit and with the Government settlement for 2003/04 can be introduced.

10. Members requested that consideration be given to pavement works still outstanding from the Rayleigh Town Centre enhancement scheme. Members are reminded that this was an item suggested to the Council by the Chamber of Commerce. At the time Members did not wish to make a decision on this issue however agreed to consider it again as part of the budget process. Although Town Centre enhancement is a Corporate Plan priority the Rayleigh phase was regarded as completed.
11. In line with the business plan for the new Cherry Orchard Jubilee Country Park provision for revenue costs in 2003/04 will be required. The development of the park is a Corporate Plan objective.
12. As part of Asset Management Members considered reports on the future development and improvement to the public conveniences within the District. Major repairs and improvements will be provided within the capital programme but minor repairs and improvements including additional cleaning have to be met from the revenue budget.
13. Pay strategy. Members have recently considered the policies and options available for the terms and conditions of staff remuneration. All of the Councils Corporate objectives have the potential to be affected by the lack of suitably trained and qualified staff. As regards the budget, there are two issues. Firstly, any improvement to terms and conditions essential to recruit and retain staff will have an additional funding implication. Secondly, through the success of this policy in attracting and retaining staff, the

number of vacant posts could decline. In recent years, the Councils have had the unwelcome benefit of savings to the budget through vacancies and increased turnover. Changes therefore need to be built into the budget strategy to ensure that minor improvements can be taken advantage of as soon as possible and that any major change does not have a dramatic effect on the budget in any particular year.

14. Up to 2003/04 this is the total budget for the year.
15. For 2004/05 and 2005/06 this total needs to be adjusted for estimated inflation. This has been included at 3%.
16. This is the total estimated budget for all years.
19. This is either the amount drawn down from reserves (shown in brackets) or the amount added to reserves.
20. This is the total net resource requirement, which matches the resources in line 1.
- 22-26. This shows the residual budget strategy reserve, which was included in the original estimates for 2002/03. This was fully utilised in 2001/02.
- 29-32. This shows the movement of the general fund balance. Line 32 shows the balance carried forward in any particular year.
34. This shows the target for the general fund balance each year based broadly on the target of 10% of net revenue budget.

5 SUMMARY

- 5.1 The increase in Council Tax is the amount required taking account of the change in the Council's budget and the change in Government funding.

5.2 The increase in the Council's budget can be attributed to three broad headings:

Unavoidable increases in costs such as inflation and the move to a balanced budget. This is the planned change to move away from using reserves to cover under-funding. In addition, for 2003/04 it includes the essential improvements to public conveniences.	£486,800
Rochford District Council optional items	£32,000
Government based cost increases	£194,200
Total increase in resources 2002/03 – 2003/04	£713,000

5.3 Looking at the above, it can be seen that of the 9% tax increase, around 0.8% is shown as the optional budget for Rochford District Council. The Government based items shown below amount to around 5%.

5.4 In addition to the items shown Members will be aware that the Government also intends to pass the responsibility for liquor licensing to Local Authorities. At the moment no assessment has been possible on the potential costs or information available on the fee structure available to offset costs. Therefore no provision has been made in 2003/04.

Description	£
Concessionary Fares	19,200
Contaminated Land Register	30,000
Housing Benefits Tax credits	20,000
E Government strategy	25,000
Comprehensive Performance Assessment	30,000
Increase in National Insurance contributions	50,000
Part recycling round	20,000
	194,200

5.4 Members will be required to approve the Council Tax for 2003/04 within the budget strategy.

5.5 The tax increase for 2002/03 and 2003/04 has in part been required to move the Council into a balanced budget position. This is a Corporate target and removes the need to support the budget by significant use of

reserves. Looking ahead this moves from an emphasis on achieving a balanced budget to capacity building. Our external auditors have already informally advised us that they view the Authority as better placed following the 10% increase in tax. In addition part of the Comprehensive Performance Assessment will be in relation to capacity. In this respect it should be based on planned capacity rather than the current situation where the Authority has maintained part of its financial balances through additional vacant posts.

6 FEES AND CHARGES

- 6.1 The schedule of proposed fees and charges is shown as Appendix E. This shows the current charge and the proposed charges for 2003/04. It should be noted that this schedule only relates to the charges which are discretionary and therefore does not include statutory charges, as these will be set in line with the relevant direction.

Car Parking

- 6.2 There is a proposed increase in the ½ hour band and the up to 2 hour band. The 3 hour band has been removed and the tariff has been reduced in respect of the 4 hour band.
- 6.3 The tariff for the Approach Car Park has been increased nearer to that of the British Rail Car Park. Members will note that the weekly ticket is proposed to be withdrawn. This ticket has caused problems in that some purchasers have not been able to park later in the week and therefore occupied spaces reserved for season ticket holders.
- 6.4 It should be noted that overall there will be a cost increase to the consumer. However, this is the first increase in tariffs for over 2 years. Overall the estimated increase in income from parking fees is 9%. For Season tickets it is 40%.

Hackney Carriage and Private Hire Vehicle Licensing

- 6.5 The proposed charges appear as though they are reduced. The charges for 2003/04 have had the MOT testing fee removed. The applicants now make their own arrangements for MOT testing. In addition, the fee structure for fees and charges has been simplified.

Cemeteries

- 6.6 The existing menu of charges has been replaced with a proposed simplified charge structure. Therefore, for example, the proposed new single charge for internment for someone over 12 years of age is now

£365. The current charge is £230.00 for internment, £ 75 - £140 for excavation charges and £30 for registration.

Sports Pitches

- 6.7 These are the charges implemented, collected and retained by Serviceteam within the Grounds Maintenance Contract. They are maximum charges and therefore Serviceteam have the discretion to charge a lesser sum should they wish to market any facility. The increase is around 5%, however the charges have not increased for the last 2 years.

7 CAPITAL PROGRAMME

- 7.1 The proposed Capital Programme is shown as Appendix F. The programme is in two main parts, the General Fund and Housing.

General Fund

- 7.2 The majority of the programme follows existing commitments; however, there are some new issues to be considered.

Football Pitch Drainage.

- 7.3 The Council is pursuing a lottery application to install new drainage in the sports pitches throughout the District. The total cost of the scheme is £235,000 which it is hoped will be funded by lottery funds of £152,750, Essex County Council £30,000 and Rochford District Council £52,250. Provision therefore needs to be included in the capital programme to meet our potential commitment. This work will fall under both the corporate objectives to upgrade the Council's leisure facilities and asset management.

Public Conveniences

- 7.4 The report to Community Overview and Scrutiny Committee set out the key issues in relation to a programme of renovation and improvements to public conveniences. The revenue items were covered earlier in this report. Capital provision of £50,000 was indicated for 2003/04. However, an additional capital receipt may reduce this.

Depot Access Road

- 7.5 For some years now the Council has been aware of the deterioration of the access road to the Depot in Rochford. Various works have prolonged the life of the road however it now requires major works. The road is subject to heavy traffic and with the winter period, it is

expected to break up even further. The scheme also includes work to create a hardstanding within the Depot area for the safe storage and handling of refuse bins. It is envisaged that both of these works can be effectively completed together at a total cost of £40,000. This is part of the Councils Asset Management.

Park Sports Centre

- 7.6 The Corporate objective to provide a new facility at the former Park School site was mentioned earlier in this report. It will entail a capital commitment from this Authority. This is currently not shown in the draft capital programme. The expected funding towards the scheme will be a contribution of £500,000 from Essex County Council, £500,000 from earmarked reserve of this Council and the possible use of new borrowing powers to be made available to the Council. When these issues are clarified they will be included within the Capital Programme.

Office Accommodation

- 7.7 In the coming financial year, in line with its corporate objective, the Council will be considering the long term future of service provision from the existing offices. There are likely to be major capital implications if the current arrangements need to be revised or partly relocated to meet future requirements. It is envisaged that any scheme will be funded partly through the provision in the Capital programme in respect of the Disabilities Discrimination Act as the focus of the initial work relates to reception areas etc, where all customers need to have access and a safe and efficient environment. The Council will be also be looking at existing Council premises to ensure that they are fit for the purpose. There is no other provision shown in the capital programme at this stage. It is anticipated that any major change will require capital funding which will have to be funded from the capital programme or through additional asset disposals.

8 HOUSING

- 8.1 The major repairs and improvements shown in the draft capital programme, in respect of the Housing Revenue Account, is the programme, which was supported by Community Services Committee, held on the 30 December 2002. The majority of works being funded by the Major Repairs Allowance.
- 8.2 One significant item to note is the inclusion of the proposed support of the Housing Revenue Account at £200,000 per year from 2004/05. This is to finance part of the housing repairs programme that is currently financed from revenue. This is required in order to provide

additional funding for the Housing Revenue account as at the moment the account is projected to run in to deficit.

- 8.3 Provision has also been made for the continuation of Local Authority Social Housing grant funding which are made in partnership with Housing Associations and for private sector renewal grants and disabled facility grants.

9 TOTAL PROGRAMME

- 9.1 If Members approved the item shown above, the overall capital programme will be overspent by £120,000 at the end of 2003/04 and £200,000 at the end of 2005/06. It is envisaged that with slippage and some possible deletions in the programme together with additional capital receipts, this position of being overdrawn will be corrected. New receipts will either be from the right to buy or through the disposal of assets. The estimates of future right to buy receipts are made on a prudent basis and the Council is considering the disposal of various small sites and assets.

10 HOUSING, RENTS AND CHARGES

- 10.1 The proposed rents and charges are planned to be discussed with representatives of the housing tenants on the 9 January. Their views will be given to this meeting.
- 10.2 Members will recall that the setting of housing rent is directly linked to the Government announcements regarding housing subsidies and rent restructuring. Briefly, the aim of this Council is to comply with these announcements so that real increases in income keep pace with reductions in housing subsidies caused through the Government announcements of the proposed rent increase. Therefore, the recommendations regarding rents are in line with Government announcements. There will be a general increase in rents of 3 1/4%, plus or minus the effect of rent restructuring to a maximum of £2.
- 10.3 As regards garages, the proposal is to increase rents from £6.00 per week to £6.20 per week.

11 WARDENED ACCOMMODATION

- 11.1 Additional charges are made to tenants of sheltered accommodation to cover the cost of wardens, gas and electricity. Charges to sheltered accommodation now have to take account of the supporting people framework. Accordingly, the current charge in respect of warden services is now met from supporting people funds. For 2003/04 the proposed charge will be £22.00. An additional charge for wardens'

costs not covered through the supporting people framework will have to be introduced at £2.50 per week. The remaining part of the existing amenity charge of £7.60 for heat and light is proposed to be increased to £8.00.

- 11.2 Overall the existing charge for heat, light and wardens costs is £29.60, this will increase to £32.50, i.e. an increase of 9.8%. This increase is required to cover cost increases (for example gas has increased by 60% from the low contract price of 2002) and the re-definition of costs in providing sheltered housing necessary through the implementation of the supporting people framework.
- 11.3 Members are aware that the Council is considering a pilot scheme for a new basis for the staffing of the Councils sheltered accommodation. This is a trial period of 12 months and it is hoped will lead to a more efficient system than the current arrangements.

12 QUESTIONS

- 12.1 As previously mentioned, **Members are required to raise questions in advance of the meeting with Council so that individual items of detail can be covered.** What has happened in previous years is that answers will be given to individual Members and a schedule of questions raised and answers given will be presented to the meeting for information. Questions should be raised with Dave Deeks by either emailing at dave.deeks@rochford.gov.uk or telephoning 01702 318029 or Yvonne Woodward either on email at yvonne.woodward@rochford.gov.uk or by telephoning 01702 546366 ext 3102.

13 RECOMMENDATION

- 13.1 It is proposed that Council **RESOLVES**
- i) the revised estimates for 2002/03
 - ii) any profit share from the leisure contractor in respect of 2002/03 is placed in the Park Sports Centre Reserve.
 - iii) the estimates for 2003/04
 - iv) the Council Tax for 2003/04
 - v) the Budget Strategy for 2003/04 - 2005/06
 - vi) the schedule of fees and charges
 - vii) the Capital Programme for 2003/04
 - viii) the Capital Programme Strategy for 2003/04 - 2005/06
 - ix) the Housing Revenue account fees and charges
 - a) the rent increase in line with Government announcements
 - b) garage rents to be increased to £6.20 per week
 - c) the basic charge in respect of wardens be £22.00 per week

- d) an additional amenity charge in respect of wardens be £2.50 per week
- e) the heating and lighting charge be £8.00 per week (HFS)

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Background Papers:

None

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